



ôn ck - Summary Tài chính quốc tế

Tài chính quốc tế (Đại học Tôn Đức Thắng)



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Đề 1

1. When a firm perceives that a foreign currency is ____, the firm may not attempt direct foreign investment in that country, as the initial outlay should be relatively ____?

- ☐ a. undervalued; low
- ☐ b. overvalued; high
- ☐ c. undervalued; high
- ☐ d. overvalued; low

Đây là một lựa chọn có thể đúng. Nếu một đồng tiền nước ngoài được đánh giá thấp (tức là có giá trị thấp hơn giá trị thực), công ty có thể không cố gắng đầu tư trực tiếp ở đó vì chi phí ban đầu nên là thấp.

2.
BIDV can borrow either \$20 million or €20 million. The current spot rate of the euro is \$1.13. Furthermore, BIDV expects the spot rate of the euro to be \$1.10 in 90 days. Today, U.S. Dollar (\$) lending rate is 6.73% and borrowing rate is 7.20%. On the other hand, Euro (€) lending rate is 6.80% and borrowing rate is 7.28%. What is BIDV's dollar profit from speculating if the spot rate of the euro is indeed \$1.10 in 90 days? (Write down the number only, no currency symbol, round up to 0 decimal number, assume that 1 year has 360 days)

Answer:

3. The higher a project's beta, the ____ is the project's ____ risk?

- ☐ a. higher; unsystematic
- ☐ b. higher; systematic
- ☐ c. lower; unsystematic
- ☐ d. lower; systematic

Beta cao (higher beta): Cho thấy dự án có biến động lợi nhuận cao hơn so với thị trường chung. Điều này làm tăng rủi ro của dự án.

4. Which of the following does the most to reduce default risk for futures contracts?

- ☐ a. Marking to market.
- ☐ b. High liquidity.
- ☐ c. Credit checks for both buyers and sellers.
- ☐ d. Flexible delivery arrangements.

5. The maximum gain for the purchaser of a call option contract is _____ while the maximum loss is _____.

- ☐ a. unlimited; the value of the underlying asset
 - ☒ b. unlimited; the premium paid
 - ☐ c. unlimited; unlimited
 - ☐ d. the premium paid; unlimited
6. Which of the following arbitrage is not feasible if interest rate parity does not hold?
- ☐ a. triangular arbitrage
 - ☒ b. covered interest arbitrage
 - ☐ c. forward realignment arbitrage
 - ☐ d. locational arbitrage
7. When an MNC's firm's cost of capital reduced, it would be ____ likely to divest an existing project, other things held constant
- ☐ a. neither; there is no effect
 - ☒ b. more
 - ☐ c. less
 - ☐ d. neither; MNCs do not ever divest projects
8. You bought a put option on euros with a strike price of \$1.70/euro The option premium is 0.02 USD per unit. Which spot price make you break-even if you choose to exercise the option before maturity? (write number only, round up to 2 decimal numbers)

Answer:

9. Which of the following events would lead to appreciation of the VND?
- ☐ a. State Bank of Vietnam is going to reduce interest rates
 - ☒ b. State Bank of Vietnam is going to increase interest rates.
 - ☐ c. None of above is correct
 - ☐ d. Vietnam's inflation is very high.
10. Based on interest rate parity, the larger the degree by which the foreign interest rate exceeds the U.S. interest rate, the:
- ☐ a. investors will earn 15% whether they use covered interest arbitrage or invest in the
 - ☐ b. British investors who invest in the will achieve the same return as investors who invest in the
 - ☐ c. investors will earn a higher rate of return when using covered interest arbitrage than what they would earn in the

☐ d. None of above is correct

11. Ms. Ngoc Anh opens a short futures position. The contract size is €62,500, the maturity is six months, and the initial price is \$1.50 = €1. The next day, the settlement price is \$1.60 = €1. What is the amount of her gain or loss in USD. (write + before the number for gain, - before the number for loss, round up to 0 decimal numbers)

Answer:

12. The ____ an MNC, the ____ its cost of capital is less likely to be

☐ a. smaller; lower

☐ b. larger; higher

☐ c. smaller, higher

☐ d. larger; lower

13. An international project's NPV is ____ related to consumer demand and ____ related to the project's salvage value

☐ a. negatively; positively

☐ b. positively; positively

☐ c. positively; negatively

☐ d. negatively; negatively

14. Which of the following LC is not a trade-related LC?

☐ a. import/export

☐ b. all of the above are trade-related letters of credit

☐ c. revocable

☐ d. irrevocable

15. What is (are) likely the key source of funds to support a particular project

☐ a. variable costs

☐ b. fixed costs

☐ c. liquidation value

☐ d. initial investment

16. Consider Firm A and Firm B that both produce the same product. Firm A would be less likely to have more stable cash flows if its percentage of foreign sales were ____ and the number of foreign countries it sold products to was ____?

☐ a. higher; small

- ☐ b. higher; large
- ☐ c. lower; small
- ☐ d. higher; large

17. Consider an exporter that is willing to send goods to the importer without a guaranteed payment by the bank. The bank provides a loan to the exporter that is backed by the value of the exported goods. What is the name of this trade finance service?

- ☐ a. forfaiting.
- ☐ b. factoring.
- ☐ c. a letter of credit.
- ☐ d. accounts receivable financing.

18. ACB offers the bid and ask value of a British pound (£) in \$ are \$1.61 and \$1.62. TPbank offers the bid and ask value of a British pound (£) in NZ\$ are NZ\$2.95 and NZ\$2.96. VCB offers the bid and ask value of a NZ\$ in \$ are \$0.56 and \$0.57. Assume you have \$10,000 to conduct triangular arbitrage. What is your profit in USD from implementing this strategy? (don't write currency symbol, round up to 2 decimal numbers)

Answer:

19. ACB quotes a bid rate of \$0.301 and an ask rate of \$0.304 for the Malaysian ringgit (MYR). Sacombank quotes a bid rate of \$0.307 and an ask rate of \$0.311 for the ringgit. What will be the profit for an investor that has \$100,000 available to conduct locational arbitrage?

- ☐ a. \$804
- ☐ b. \$328
- ☐ c. \$139
- ☐ d. \$987

20. Sacombank quotes a bid rate of \$0.301 and an ask rate of \$0.304 for the Malaysian ringgit (MYR). ANZ bank quotes a bid rate of \$0.306 and an ask rate of \$0.310 for the ringgit. What will be the profit for an investor that has \$100,000 available to conduct locational arbitrage?

- ☐ a. \$328
- ☐ b. \$804
- ☐ c. \$139
- ☐ d. None of above

21. Other things being equal, a blocked funds restriction is more likely to have a significant adverse effect on a project if the currency of that country is expected to ____ over time, and if the interest rate in that country is relatively ____.

- ☐ a. None of above is correct
- ☐ b. appreciate; high
- ☐ c. appreciate; low
- ☐ d. depreciate; high

22. Under a letter of credit arrangement, the bank issuing the letter of credit is known as the ____ bank, the correspondent bank in the beneficiary's country to which the issuing bank sends the letter of credit is known as the ____ bank, and the bank that agrees to examine documents under the letter of credit and pay the beneficiary is called the ____ bank

- ☐ a. negotiating; issuing; advising
- ☐ b. advising; issuing; negotiating
- ☐ c. None of above is correct
- ☐ d. issuing; negotiating; advising

23. You bought a put option on euros with a strike price of \$1.70/£. The option premium is 0.02 USD per unit. Which spot price make you break-even if you choose to exercise the option before maturity? (write number only, round up to 2 decimal numbers)

Answer:

24. The value of euro was \$1.30 last week. During last week the euro depreciated by 5%. What is the value of euro today? (write down the number only, round up to 2 decimal number, no currency symbol)

Answer:

25. Which of the following is a revenue-related motive for direct foreign investment

- ☐ a. All of above are correct
- ☐ b. Exploiting monopolistic advantages
- ☐ c. Attracting new sources of demand
- ☐ d. Entering profitable markets

ĐỀ 2

1. According to the text, an MNC's "global" target capital structure is

- ☐ a. none of the above
- ☐ b. always equity-intensive.
- ☐ c. always debt-intensive.
- ☐ d. sometimes different from an MNC's "local" capital structures (at subsidiaries).

2. Which of the following is a reason for MNCs to borrow debts heavily

- ☐ a. foreign government tax rules may change over time.
- ☐ b. exposure to fund blockage.
- ☐ c. they are well diversified.
- ☐ d. exposure to exchange rate fluctuations.

3. Who has the right to sell an asset at a "lock-in" price

- ☐ a. A buyer of a put option
- ☐ b. A seller of a call option
- ☐ c. A buyer of a call option
- ☐ d. A seller of a put option

4. When economic conditions of two countries are ____, then a firm would ____ its risk by operating in both countries instead of concentrating just in one

- ☐ a. not highly correlated; reduce
- ☐ b. highly correlated; reduce
- ☐ c. not highly correlated; not reduce
- ☐ d. none of the above

5. If U.S. inflation suddenly increased while European inflation stayed the same, there would be

- ☐ a. a decreased demand for euros and an increased supply of euros for sale.
- ☐ b. an increased demand for euros and an increased supply of euros for sale.
- ☐ c. an increased demand for euros and a decreased supply of euros for sale.

- ☐ d. a decreased demand for euros and a decreased supply of euros for sale.
- 6. The discrepancy between the feasibility of a project in a host country from the perspective of the U.S. parent versus the subsidiary administering the project is likely to be smaller for projects in countries where?
 - ☐ a. none of the above; a discrepancy is not possible.
 - ☐ b. there are no blocked fund restrictions.
 - ☐ c. the taxes are the same as in the
 - ☐ d. the currency of the host country is expected to increase consistently.
- 7. An increase in Vietnam interest rates relative to Thailand interest rates would likely ____ the Vietnam demand for Thai Baht and ____ the supply of Thai Baht for sale.
 - ☐ a. reduce; increase
 - ☐ b. increase; increase
 - ☐ c. increase; reduce
 - ☐ d. reduce; reduce
- 8. The U.S. treasury bonds yields currently 3%. The expected return of S&P 500 index is 10%. Disney, Inc. is considering a project that has a beta of 1.2. What is the cost of dollar-denominated equity in percentage? (Write down the number only, round up to 1 decimal number)

Answer:

- 9. Market forces should realign the relationship between the interest rate differential of two currencies and the forward premium (or discount) on the forward exchange rate between the two currencies. This is the impact of which of the following arbitrage?
 - ☐ a. locational arbitrage
 - ☐ b. triangular arbitrage
 - ☐ c. forward realignment arbitrage
 - ☐ d. covered interest arbitrage
- 10. Assume a U.S. firm initiates direct foreign investment in the U.K. If the British pound is expected to depreciate against the dollar, the dollar value of earnings remitted to the parent should _____. The parent may request that the subsidiary _____ in order to benefit from the expectation about the pound?

- ☐ a. increase; remit earnings immediately before the pound strengthens
- ☐ b. decrease; remit earnings immediately before the pound strengthens
- ☐ c. decrease; postpone remitting earnings until the pound strengthens
- ☐ d. increase; postpone remitting earnings until the pound strengthens

11. An international project's NPV is ____ related to the project's required rate of return and is ____ related to the size of the initial investment?

- ☐ a. positively; positively
- ☐ b. negatively; negatively
- ☐ c. negatively; positively
- ☐ d. positively; negatively

12. Ms. Ngoc Anh opens a short futures position. The contract size is €62,500, the maturity is six months, and the initial price is \$1.50 = €1. The next day, the settlement price is \$1.60 = €1. What is the amount of her gain or loss in USD. (write + before the number for gain, - before the number for loss, round up to 0 decimal numbers)

Answer:

13. Which of the following is not true regarding interest rate parity (IRP)?

- ☐ a. When covered interest arbitrage is not feasible, interest rate parity must hold.
- ☐ b. When the interest rate in the foreign country is higher than that in the home country, the forward rate of that country's currency should exhibit a discount.
- ☐ c. When interest rate parity holds, covered interest arbitrage is not possible.
- ☐ d. When the interest rate in the foreign country is lower than that in the home country, the forward rate of that country's currency should exhibit a premium.

14. Assume the following exchange rates: \$1 = NZ\$3, NZ\$1 = MXP2, and \$1 = MXP5. Given this information, as you and others perform triangular arbitrage, the exchange rate of the New Zealand dollar (NZ) with respect to the U.S. dollar should ____, and the exchange rate of the Mexican peso (MXP) with respect to the U.S. dollar should ____.

- ☐ a. appreciate; appreciate
- ☐ b. depreciate; appreciate

- ☐ c. depreciate; depreciate
- ☐ d. None of above is correct

15. You bought a put option on euros with a strike price of \$1.70/£. The option premium is 0.02 USD per unit. Which spot price make you break-even if you choose to exercise the option before maturity? (write number only, round up to 2 decimal numbers)

Answer:

16. To use foreign factors of production, an MNC should not.....

- ☐ a. All of above are correct
 - ☐ b. establish a subsidiary in a new market that can't sell products produced elsewhere.
 - ☐ c. establish a subsidiary in a market that has relatively high costs of labor or land.
 - ☐ d. establish a subsidiary in a market where raw materials are expensive.
17. You bought a put option on euros with a strike price of \$1.70/£. The option premium is 0.02 USD per unit. Which spot price make you break-even if you choose to exercise the option before maturity? (write number only, round up to 2 decimal numbers)

Answer:

18. In general, Which of the following statement is false regarding LC?

- ☐ a. They guarantee that the goods shipped are the goods purchased.
 - ☐ b. All of the above are true.
 - ☐ c. A revocable letter of credit can be cancelled or revoked at any time without prior notification to the beneficiary.
 - ☐ d. They are issued by banks on behalf of the importer promising to pay the exporter.
19. Which of the following is a false statement regarding a banker's acceptance?

- ☐ a. It can be beneficial to the bank accepting the draft in that it earns a commission for creating an acceptance.
- ☐ b. None of above is correct
- ☐ c. It can be beneficial to the importer, as he may have greater access to foreign markets when purchasing supplies.
- ☐ d. It can be beneficial to the exporter, as he does not have to worry about the credit risk of the importer.

20. If inflation reduces substantially in Vietnam while U.S. inflation remains unchanged, this is expected to place ____ pressure on the value of the VND with respect to the U.S. dollar

- ☐ a. downward
- ☐ b. either upward or downward (depending on the degree of the increase in Australian inflation)
- ☐ c. there will be no impact
- ☒ d. upward

21. Suppose that the annual interest rate is 5.0 percent in the United States and 4 percent in Germany, and that the spot exchange rate is \$1.56/€ and the forward exchange rate, with one-year maturity, is \$1.58/€. Assume that an arbitrageur can borrow up to \$100,000 or €64,103. If an astute trader finds an arbitrage, what is the profit in one year? (don't write currency symbol, round up to 2 decimal numbers)

Answer:

22. Ms. Ngoc Anh opens a short futures position. The contract size is €62,500, the maturity is six months, and the initial price is \$1.50 = €1. The next day, the settlement price is \$1.60 = €1. What is the amount of her gain or loss in USD. (write + before the number for gain, - before the number for loss, round up to 0 decimal numbers)

Answer:

23. Coca-Cola Co., a U.S.-based MNC that is considering obtaining funding for a project in Malaysia. U.S. government bonds yields 4%, Malaysian risk-free rate = 5%. Risk premium on dollar-denominated debt provided by U.S. creditors = 3%, Risk premium on Malaysian dollars-denominated debt provided by Malaysian creditors = 4%, Beta of project = 1.2. The return of S&P500 is 10%. U.S. corporate tax rate = 30%. Malaysian corporate tax rate = 40%. What is Coca-Cola's cost of dollar-denominated debt in percentage? (write down the number only, round up to 1 decimal number)

Answer:

24. ACB offers the bid and ask value of a British pound (£) in \$ are \$1.61 and \$1.62. TPbank offers the bid and ask value of a British pound (£) in NZ\$ are NZ\$2.95 and NZ\$2.96. VCB offers the bid and ask value of a NZ\$ in \$ are \$0.55 and \$0.56. Assume you have \$100,000 to conduct triangular arbitrage. What is your profit in USD from implementing this strategy? (don't write currency symbol, round up to 2 decimal numbers)

Answer:

25. C14_Q2_(SA)_ Assume that Vinaphone Corporation is considering the establishment of a subsidiary in Thailand. The initial investment required by the parent is \$5,000,000. If the project is undertaken, Vinaphone would terminate the project after four years. Vinaphone's cost of capital is 16%, and the project in New Zealand has the same risk as Vinaphone's existing projects. All cash flows generated from the project will be remitted to Vinaphone at the end of each year. The project expects to generate 10 million Baht in year 1, 15 million Baht in year 2, 17 million Baht in year 3 and 20 million Baht in the final year. The current exchange rate of the Thai Baht is \$.135. Vinaphone forecasts that the value of Baht in year 1 is \$0.13, year 2 is \$0.14, year 3 is \$0.12 and year 4 is \$0.15. What is the net present value of the this project. (don't write currency symbol, round up to ZERO decimal numbers)

Answer:

ĐỀ 3

1. ACB offers the bid and ask value of a Euro in USD are \$1.61 and \$1.62. TPbank offers the bid and ask value of a Euro in A\$ are A\$2.91 and A\$2.92. VCB offers the bid and ask value of a A\$ in USD are \$0.56 and \$0.57. Assume you have \$100,000 to conduct triangular arbitrage. What is your profit in USD from implementing this strategy? (don't write currency symbol, round up to 2 decimal numbers)

Answer:

2. Suppose you observe the following exchange rates: $S(\$/\epsilon) = 1.50$ ($\epsilon 1 = \$1.50$). The one-year forward rate is $F1(\$/\epsilon) = 1.55$ ($\epsilon 1 = \$1.55$). The risk-free interest rate is 5% in the U.S. and 2.5% in the euro zone. How can a euro-based investor (with good credit at home and abroad) make money
 - a. Borrow \$1,000 in the U.S. at 5%, exchange for Euros at the spot rate, and invest in the euro zone at 2.5%. At the end of one year, buy \$1,050 with Euro.
 - b. Borrow \$1,000 in the U.S. at 5%, exchange for Euros at the spot rate, and invest in the euro zone at 2.5%. Enter into a short forward contract to buy \$1,050 at $\epsilon 0.6452$ per \$. In one year, exchange $\epsilon 677.42$ back into \$1,050 at the forward rate to repay your dollar borrowing.
 - c. Borrow $\epsilon 1,000$, translate into dollars at the spot, and invest in the U.S. at 5% for one year. At the end of the year, translate your dollar investment back into Euros at the forward rate to repay your euro debt.
 - d. There are no profitable arbitrage opportunities.
3. Direct foreign investment would typically be welcomed if?
 - a. all of the above
 - b. the products to be produced are substitutes for other locally produced products.
 - c. the products to be produced are going to be exported.
 - d. people from the country of the company's headquarter are transferred to the foreign country to work at the subsidiary.
4. Vietjet has a target capital structure that consists of 40% debt and 60% equity. It can borrow a loan from HSBC at an interest rate of 10%. Also, Vietjet has determined its cost of equity to be 14%. Currently, the corporate tax rate in Vietnam is 40%. What is its weighted average cost of capital in percentage? (Write down the number only, round up to 1 decimal number)

Answer:

5. Assume the parent of a U.S.-based MNC plans to completely finance the establishment of its British subsidiary with existing funds from retained earnings in U.S. operations. According to the text, the discount rate used in the capital budgeting analysis on this project should be most affected by?

- ☐ a. the cost of borrowing funds in the
- ☐ b. the economic conditions in the
- ☐ c. the subsidiary's cost of capital.
- ☐ d. None of above is correct

6. In general, MNCs probably do not prefer to use ____ foreign debt when their foreign subsidiaries are subject to potentially ____ local currencies?

- ☐ a. less; strong
- ☐ b. less; weak
- ☐ c. more; strong
- ☐ d. more; weak

7. What is the definition of an arbitrage?

- ☐ a. d. The act of simultaneously buying and selling the same or equivalent assets or commodities for the purpose of making extremely high profits.
- ☐ b. a. The act of simultaneously buying and selling different assets or commodities for the purpose of making guaranteed profits..
- ☐ c. c. The act of simultaneously buying and selling the same or equivalent assets or commodities for the purpose of making guaranteed profits.
- ☐ d. b. The act of simultaneously buying and selling the same or equivalent assets or commodities for the purpose of making reasonable profits.

8. Everything else being equal, the ____ the depreciation expense is in a given year, the ____ a foreign project's NPV will be

- ☐ a. none of the above
- ☐ b. higher; higher
- ☐ c. higher; lower
- ☐ d. lower; higher

9. According to your text, ____ is a country that has been perceived as one of the most attractive sources of new demand

- ☒ a. China
- ☐ b. India
- ☐ c. Australia
- ☐ d. Vietnam

10. Pepsi Co., a U.S.-based MNC that is considering obtaining funding for a project in Australia. U.S. government bonds yields 4%, Australian risk-free rate = 5%. Risk premium on dollar-denominated debt provided by U.S. creditors = 3%, Risk premium on Australian dollars-denominated debt provided by Australian creditors = 4%, Beta of project = 1.2. The return of S&P500 is 10%. U.S. corporate tax rate = 30%. Australian corporate tax rate = 40%. What is Pepsi's cost of dollar-denominated debt in percentage? (write down the number only, round up to 1 decimal number)

Answer:

11. A U.S.-based MNC has just established a subsidiary in Algeria. Shortly after the plant was built, the MNC determines that its exchange rate forecasts, which had previously indicated a slight appreciation in the Algerian dinar, were probably false. Instead of a slight appreciation, the MNC now expects that the dinar will depreciate substantially due to political turmoil in Algeria. This new development would likely cause the MNC to ____ its estimate of the previously computed net present value

- ☐ a. increase
- ☐ b. None of above is correct
- ☐ c. lower, but not necessarily if the MNC invests enough in to offset the decrease in NPV
- ☐ d. increase, but not necessarily if the MNC reduces its investment in by an offsetting amount

12. You bought a put option on euros with a strike price of \$1.70/£. The option premium is 0.02 USD per unit. Which spot price make you break-even if you choose to exercise the option before maturity? (write number only, round up to 2 decimal numbers)

Answer:

13. The value of SGD was \$0.64 last week. During last week the SGD increase by 5%. How many SGD that is equal to 1 USD today? (write

down the number only, round up to 2 decimal number, no currency symbol)

Answer:

14. According to your text, which of the following is a factor that affects an MNC's cost of capital unfavorably?

- ☐ a. exchange rate risk.
- ☐ b. country risk.
- ☐ c. an increase in the risk-free interest rate.
- ☐ d. All of above is correct.

15. A speculator that has _____ a futures contract has taken a _____ position?

- ☐ a. sold; short
- ☐ b. purchased; sold
- ☐ c. sold; long
- ☐ d. purchased; short

16. Who takes the payment risk in a LC?

- ☐ a. the importer.
- ☐ b. the exporter.
- ☐ c. both the exporter and importer.
- ☐ d. the issuing bank.

17. If we have 2 put options that have the same maturity and premium, the more valuable one will have a

- ☐ a. larger $R_{\$}$.
- ☐ b. larger St .
- ☐ c. higher strike price.
- ☐ d. lower strike price.

18. Suppose that the annual interest rate is 4.0 percent in the United States and 3 percent in France, and that the spot exchange rate is \$1.58/€ and the forward exchange rate, with one-year maturity, is \$1.61/€. Assume that an arbitrageur can borrow up to \$50,000 or €31,646. If an astute trader finds an arbitrage, what is the profit in one year? (don't write currency symbol, round up to 2 decimal numbers)

Answer:

19. Which of the following is not a cost-related motive for direct foreign investment (DFI)?

- ☐ a. Using foreign raw materials
- ☐ b. Using foreign factors of production
- ☐ c. Reacting to trade restrictions
- ☐ d. Using foreign technology

20. Assume that the euro's interest rates are higher than U.S. interest rates, and that interest rate parity exists. Which of the following is true?

- ☐ a. Americans who invest in the euro earn the same rate of return as Germans who invest in the euro
- ☐ b. Americans using covered interest arbitrage earn the same rate of return as Germans who attempt covered interest arbitrage.
- ☐ c. None of above is correct
- ☐ d. Americans who invest in the euro earn the same rate of return as Germans who attempt covered interest arbitrage.

21. Assume that Swiss investors have francs available to invest in securities, and they initially view the U.S. and British interest rates as equally attractive. Now assume that U.S. interest rates decrease while British interest rates stay the same. This would likely cause?

- ☐ a. the Swiss demand for dollars to increase and the dollar will appreciate against the Swiss franc.
- ☐ b. the Swiss demand for dollars to increase and the dollar will depreciate against the Swiss franc.
- ☐ c. the Swiss demand for dollars to decrease and the dollar will depreciate against the Swiss franc.
- ☐ d. the Swiss demand for dollars to decrease and the dollar will appreciate against the pound.

22. A put option with a strike price of \$35 can be bought for \$2. What will be your net profit in USD if you buy the put and the stock price is \$22 when the put expires? (write number only)

Answer:

23. A trade acceptance is an unconditional promise drawn by one party, instructing the buyer to pay the face amount upon presentation?

- ☐ a. draft
- ☐ b. trade acceptance

- ☐ c. letter of credit
- ☐ d. bill of lading

24. **Any event that increases the U.S. demand for VND should result in a(n) ____ in the value of the VND with respect to ____, other things being equal?**

- ☐ a. increase; U.S. dollar
- ☐ b. increase; nondollar currencies
- ☐ c. decrease; nondollar currencies
- ☐ d. decrease; U.S. dollar

25. Which of the following is NOT true for the writer of a call option?

- ☐ a. The maximum loss is unlimited.
- ☐ b. The gain or loss is equal to but of the opposite sign of the buyer of a call option.
- ☐ c. All of the above are true.
- ☐ d. The maximum gain is unlimited.